

Daily Economic News Summary: 26 August 2019
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**1. Government to soon consider proposal to relax local sourcing norms for FDI in single brand retail**

**Source: The Economic Times ([Link](#))**

The government will soon consider a proposal of relaxing rules for complying with the mandatory 30 per cent local sourcing norms by foreign single brand retailers, official sources said. As per the proposal, single-brand retail firms would also be permitted to open online stores before setting up brick-and-mortar shops. Currently, online sale by a single-brand retail player is allowed only after opening of physical outlet. Relaxations are expected in a provision where foreign retail traders are presently allowed to adjust procurement of goods from India for their global operations for meeting the mandatory local sourcing requirement. However, this is allowed only for five years and "incremental" sourcing of goods from India is only taken into account presently.

**2. G7 Summit: Kashmir and Trade on the Table as PM Modi Holds Sidebar With Donald Trump Today**

**Source: News 18 ([Link](#))**

With Donald Trump referencing twice within a month his desire to 'mediate' in the Kashmir issue and US State Department later rephrasing it to 'ready to assist if desired', New Delhi and Washington look prepared to discuss the matter when the US President meets Prime Minister Narendra Modi a little after noon on the sidelines of the G7 Summit in Biarritz, France on 26 August. the US has also made it clear that a discussion on trade will also be on the table. Trump and Modi had decided in Osaka to reduce the friction by allowing trade teams to resolve issues. A meeting that was being planned for August-end between Commerce Minister Piyush Goyal and US Trade Representative Robert Lighthizer is yet to take place. A USTR team had visited India in July, and according to CEO of US India Strategic Partnership Forum (USISPF), Dr Mukesh Aghi, the meeting went off smoothly with the hope that tariff issues can be resolved. Some officials in the Indian government also believe that as Robert Lighthizer deals with the US-China trade war, India with its big market could be a direct beneficiary provided it manages to resolve its own issues with America.

### **3. FinMin may go slow on overseas bonds plan**

**Source: Livemint ([Link](#))**

The finance ministry may go slow on the contentious budget proposal to issue overseas sovereign bonds with officials maintaining that no timeline has been set so far for the bond issue. "We are yet to decide a timeline or tranches for the bond issue. What is more important is that we have shown our willingness to borrow overseas through the Budget announcement. The intention is more important," a finance ministry official said seeking anonymity. In her maiden budget speech, finance minister Nirmala Sitharaman announced the proposal to issue offshore sovereign bonds, starting from the current fiscal year. "India's sovereign external debt to GDP is among the lowest globally at less than 5%. The government would start raising a part of its gross borrowing programme in external markets in external currencies. This will also have beneficial impact on demand situation for the government securities in domestic market," she said in her Budget speech on 5 July. India Ratings said in a report earlier this month that sovereign borrowing in foreign currency against the backdrop of moderating household savings and easy global liquidity appears to be a very attractive option for meeting the Union government's funding requirement.

### **4. India-France to jointly build, run space-based ship tracking system**

**Source: The Hindu, Business Line ([Link](#))**

The world's first space-based automatic identification system (AIS) to track merchant ships on a real-time basis will be built and operated jointly by India and France, the French space agency (Centre national d'études spatiales or the National Centre for Space Studies — CNES) has said. CNES President Jean-Yves Le Gall and K Sivan, Chairman, Indian Space Research Organisation (ISRO), signed an agreement recently to start development and production of a constellation of satellites on which studies have been underway for more than a year. The pact between the two space agencies was signed during Prime Minister Narendra Modi's visit to France. The constellation carrying telecommunications (AIS), radar and optical remote-sensing instruments will be capable of monitoring ships in the Indian Ocean, CNES said in a statement.

### **5. Ashok Leyland plans to invest Rs 70 crore to set up Africa unit**

**Source: Business Standard ([Link](#))**

Ashok Leyland is going to invest \$10 million (about Rs 70 crore) in the west African nation of Ivory Coast to set up an assembling facility, sources said. The commercial vehicle (CV) major

also inaugurated its office for the western African region at the Ivorian city of Abidjan. The company said it might set up a facility in the southern African nation of Zambia. Leyland and Industrial Development Corporation, Zambia, have agreed to jointly evaluate the CV segment there and formulate a business case. Details are being worked out, said a spokesperson, without disclosing any detail. This is part of a global expansion drive at Leyland, second biggest maker of CVs in India. Presently 24th in global ranking, it aims to be among the top 10 in about nine years. The company sold 12,301 vehicles in the Middle East, Africa and the South Asian region in 2018-19, according to its annual report.

#### **6. Over 100 stakeholder consultations on proposed RCEP in last 6 years, says Commerce ministry**

**Source: Financial Express ([Link](#))**

The commerce ministry on 24 August said over 100 stakeholder consultations have been held on the mega free trade agreement RCEP in the last 6 years. The Department of Commerce also received industry feedback in the area of rules of origin, Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT), antidumping, countervailing duties, safeguards measures and Intellectual Property Rights as well, it said. Further, several industry consultations were also organised by Ficci, PHD Chamber of Commerce and CII. Recognising the importance of states, the commerce secretary have led delegations to various states and held regular engagements with Chief Secretaries and officials on the various aspects of RCEP to make them aware of the developments.

#### **7. Leisure Hotels Group to diversify into hostel and resitel segments**

**Source: Business Standard ([Link](#))**

Leisure Hotels Group, the Dehradun-based hospitality firm, is diversifying into the hostel and resitel segments as it seeks to unlock the potential in the alternative and long-stay accommodation sectors, even as it executes an expansion plan in its core hotel segment, said a top company executive. Leisure's hostel - a low-frill, budget accommodation comprising beds and budget rooms under the Bedz brand - will come up in Rishikesh by the end of this year. Aimed at backpackers and long-stay travellers who visit the Himalayan foothill region seeking adventure, wellness or pilgrimage, Bedz will compete with Zostel one of the largest hostel chains in India, said Vibhas Prasad, director, Leisure Hotels told Business Standard. Leisure will be developing resitels at Bhimtal, Nainital, Rishikesh, and Naukuchiatal. It will start construction at

a couple of these locations in the next two months. Meanwhile, the group that currently operates 27 boutique properties with around 875 rooms in India plans to invest Rs 160 crore to add nine properties across the country by end-2021.

#### **8. RIL plans Diwali launch of ‘new commerce’ venture**

**Source: Livemint ([Link](#))**

Billionaire Mukesh Ambani’s Reliance Retail Ltd could launch its “new commerce” venture around Diwali, three industry officials aware of the plans said. New commerce is Reliance Retail’s offline-to-online initiative, which would link producers, traders, small merchants, brands and consumers through technology. The company, the retail arm of Reliance Industries Ltd (RIL), has been working on its new commerce plan for nearly two years. Currently, it operates neighbourhood stores, supermarkets, hypermarkets, wholesale, speciality and online stores. The company is signing up local merchants offering them an online-to-offline (O2O) marketplace, a business model pioneered by Chinese e-commerce giant Alibaba Group Holding Ltd. Under the O2O model, a consumer searches for the product or service online, but buys it from a physical store. This allows the company to consolidate merchants, who in turn, will cater to the local demand but also help Reliance Retail save costs and enter areas currently outside the purview of online retailers.

#### **9. New measures by govt to boost investments, exports of leather industry: CLE**

**Source: Money Control ([Link](#))**

The measures announced by the government to push economic growth will help attract investments and boost exports of leather sector, CLE said on August 25. Council for Leather Exports (CLE) Chairman P R Aqeel Ahmed said the stimulus measures have come at the right time, as leather, leather products and footwear industry is currently facing challenges in the global market. Exports from the sector have declined by 4.90 percent during April–June 2019, primarily due to reduction in exports to Europe, which is the major market, accounting for about 53 percent of exports. He said the announcement to amend definition of MSMEs will further increase their concentration in leather and footwear industry and will facilitate more companies to avail government support measures.